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August 30, 2011

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Federal Communications Commission  
Office of the Secretary

Marlene H. Dortch, Esq.  
Secretary  
Federal Communications Commission  
445 12th Street, SW, Room 8B201  
Washington, DC 20554

Re: Universal Service and Intercarrier Compensation Transformation Notice  
of Proposed Rulemaking  
WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92,  
96-45; GN Docket No. 09-51  
Notice of Oral Ex Parte Communication

Dear Ms. Dortch:

I am writing on behalf of our client Midcontinent Communications to report that on this date Patrick McAdaragh President and Chief Executive Officer, Thomas Simmons, Senior Vice President of Public Policy and Nancy Vogel, Director of Revenue Assurance, all representing Midcontinent, met with Commissioner McDowell, Christine Kurth, Policy Director and Wireline Counsel for Commissioner McDowell, and Senator John Thune in Sioux Falls, South Dakota.

During the meeting, the Midcontinent representatives discussed issues relating to the Commission's pending proceeding on high cost universal service and intercarrier compensation. First, they explained that the immediate reductions in access revenues that would result from adoption of the ABC Proposal's terms for voice over IP services would have a significant impact on Midcontinent. They noted that there was no good reason for adopting differentiated voice over IP and TDM rates because Midcontinent exchanges traffic with other carriers in exactly the same way, regardless of whether the originating or terminating retail customer is served with voice over IP or TDM technology. The Midcontinent representatives also explained that the effects of this reduction would uniquely affect Midcontinent due to the rural footprint in which it operates. Under the ABC Proposal, Midcontinent would continue to pay high terminating rates into rural markets in South Dakota, North Dakota and Minnesota while taking substantial revenue losses.

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In addition, the Midcontinent representatives indicated that the disparity in rates between voice over IP services and TDM services and the ABC Proposal's adoption of lower rates for voice over IP services six months before the rest of the proposal goes into effect would exacerbate current rate arbitrage concerns, as interexchange carriers would have strong incentives to claim that traffic was IP-based even if it was not. They noted that Midcontinent already feels significant impact from rate arbitrage resulting from phantom traffic, with carriers hiding the real originating points of calls to avoid paying intrastate or interstate access charges, and from traffic pumping, with carriers stimulating traffic and charging unreasonably high access rates.

In accordance with the requirements of Section 1.1206 of the Commission's rules, an original and thirteen copies of this notice are being filed by the end of the business day following the meeting and copies of this notice are being provided to the Commission attendees.

Please inform me if any questions should arise in connection with this notice.

Respectfully submitted,



J.G. Harrington

Counsel to Midcontinent Communications

JGH/

cc: Hon. Robert M. McDowell  
Christine D. Kurth